

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

REC'D TN
REGULATORY AUTH

'89 JUL 15 PM 1 01

OFFICE
EXECUTIVE SECRETARY

In Re: APPLICATION OF TERRABROOK)
LADD UTILITIES, LLC FOR A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)
TO PROVIDE SEWER SERVICE)

Docket No. 9900509

APPLICATION

Comes now Terrabrook Ladd Utilities, LLC (Applicant) and submits this Application to the Tennessee Regulatory Authority (Authority) for a certificate of public convenience and necessity to provide sewer service in a portion of Williamson County, Tennessee pursuant to T.C.A. § 65-4-201. In support of this Application, Applicant states as follows:

1. Terrabrook Ladd Utilities, LLC is a Delaware limited liability company authorized to do business in Tennessee. Attached as Exhibit 1 to this Application is a copy of the Applicant's Certificate of Authority issued by the Tennessee Secretary of State which shows that Applicant is authorized to do business in Tennessee. The principal address of the Applicant is 3030 LBJ Freeway, Suite 1500, LB-6, Dallas, Texas 75234. The present mailing address of the Applicant in Tennessee is 2111 Fieldstone Parkway, Franklin, Tennessee 37069.

2. Applicant has been created to own and operate a wastewater collection and treatment system to provide sewer service to a proposed development to be located in southern Williamson County, Tennessee presently known as the Ladd property development. This development is being developed by Westbrook United Land Investments, L.P. which operates its developments under the trade name Terrabrook. The current plans for the development include approximately 1500

residential lots and a golf course. The total number of lots will be determined when the development receives final approval from the Williamson County Planning Commission.

3. Applicant is owned by Westbrook United Land Investments, L.P., a Delaware limited partnership (WULI). WULI is owned by a real estate opportunity fund, Westbrook Real Estate Fund III, L.P. (Fund III), which is sponsored and managed by Westbrook Partners, LLC (Westbrook). Westbrook is a fully integrated investment management company with offices in New York, Boston, Dallas and San Francisco.

Fund III, which represents the third opportunity fund created by Westbrook since 1994, was initially capitalized with equity commitments in excess of \$1.2 billion from a variety of institutional investors. To date, Fund III has invested or committed over \$590 million in equity in 23 transactions with a total capitalization in excess of \$2.5 billion. Six of these investments, valued at approximately \$70 million, represent residential planned communities owned by WULI.

Westbrook Real Estate Fund I, L. P. (Fund I) was initially capitalized with equity commitments of \$784 million and has acquired over 340 assets (in 35 separate transactions) in 26 different states with a total value of approximately \$2.5 billion. Westbrook Real Estate Fund II (Fund II) was initially capitalized with equity commitments of \$743 million and has completed 27 separate acquisitions valued at \$2.3 billion.

Through its three funds Westbrook owns over 40 planned communities in 23 major markets located in 13 states and Puerto Rico which include over 70,000 acres of land which, when fully completed, will comprise approximately 55,000 single family homesites. Westbrook's planned communities operate under trade name, Terrabrook. In developing planned communities,

Terrabrook has formed or assisted in the formation of sewer utilities to provide sewer service to its developments when no existing public utility has been available to provide sewer service.

4. Terrabrook created a private water and sewer utility, Sailfish Point Utility Corporation, to provide water and sewer service to its Sailfish Point development in Martin County, Florida. After the water and sewer plant and facilities were constructed by the developer, they were owned and managed by Sailfish Point Utility Corporation. The utility operated a water plant with a 350,000 gallons per day capacity and a sewer treatment plant with a 250,000 gallons per day capacity. These plants were designed to serve 550 units. These utility facilities are now owned and operated by the Sailfish Point Property Owners Association.

Terrabrook constructed a sewer treatment and collection system in Douglas County, Colorado to provide sewer service to a Terrabrook development known as Stonegate. After the sewer plant and facilities were installed, Terrabrook was instrumental in forming the Stonegate Village Metro District and Lincoln Park Metro District to own and operate the sewer system. These districts operate the 550,000 gallons per day sewer treatment plant installed by Terrabrook and provide sewer service to approximately 2,300 residential customers and three schools.

Terrabrook constructed a sewer treatment and collection system in Fort Bend County, Texas to provide sewer service to a Terrabrook development known as Greatwood. After the sewer plant and facilities were installed, Terrabrook was instrumental in forming the Fort Bend Municipal Utility District No. 1 to own and operate the sewer system. The district operates the 900,000 gallons per day sewer treatment plant and provides sewer service to approximately 2,500 residential customers and a golf course.

Terrabrook is currently forming a private sewer utility in Forsyth County, Georgia to provide sewer service to a Terrabrook development known as Windermere. Terrabrook is currently constructing a sewer treatment plant to serve 1,087 residential customers, one golf course, and up to three million square feet of office and commercial space.

Terrabrook has experience in creating private sewer utilities to provide sewer service to its developments and in financing the construction and start up operation of such sewer utilities.

5. Applicant desires to obtain a certificate of public convenience and necessity from the Authority to provide sanitary sewer collection and treatment services to the Ladd property development located in southern Williamson County, Tennessee. A general description of the area sought to be certificated and a map of the area is included in the Engineering Report attached as Exhibit 2 to this Application prepared by Smith Seckman Reid, Inc. The actual boundaries of the certificate requested include the geographic area in Tax Map 106, Parcels 180, 180.01, 180.02, 181, 183, 184, and 185.01 of the Williamson County Tax Assessor's Office which is the area shown on the map included in Exhibit 2.

6. The area in which the Applicant seeks a certificate is not located within the boundaries of any municipality. No municipal utility, utility district, or other private sewer utility currently provides or has the authority to provide sewer service in this area. The area to be certificated receives water service from Milcrofton Utility District. Milcrofton Utility District does not provide sewer service.

7. The area sought to be certificated is in close proximity to the City of Franklin, Tennessee. Before filing this Application, Applicant met with Franklin city officials to discuss the

City providing sewer service to the proposed development in this area. Presently, the City of Franklin is unable to extend its sewer system to serve this development.

8. A public need for sanitary sewer service exists in the area sought to be certificated. Applicant anticipates that its sewer system will provide service to the approximately 1500 residential lots and a golf course as currently planned.

9. According to the Engineering Report, Applicant plans to construct a conventional sewage treatment plant and gravity flow sewer collection system which would use a zero discharge approach for disposal of the treated effluent. Applicant estimates that the cost of the construction and installation of the sewage treatment plant and spray irrigation disposal system and land acquisition costs will be \$3,000,000. The gravity sewer collection system will be contributed by the developer, Terrabrook.

10. Applicant proposes a \$3,200 connection fee or tap fee to recoup the initial capital costs for the wastewater treatment plant and spray irrigation disposal system and initial operation of the sewer facilities. Exhibit 2 sets forth the connection fee projections for the seven year buildout period.

11. Applicant asserts that the proposed sewer system is financially feasible. Exhibit 2 sets forth pro forma revenue and expense projections for the Applicant for the first seven years of operation. These projections show that the Applicant will begin to cover its operating expenses in year six at the rates proposed for monthly sewer service.

12. The proposed Schedule of Rates and Charges for sewer service by the Applicant is set forth in Exhibit 2. The rates for sewer service compare favorably with the sewer service rates of other sewer systems in the area as shown in Exhibit 2.

13. Terrabrook will provide the Applicant with funds to construct the sewer treatment plant and spray irrigation disposal system and the initial operation of the sewer system. Terrabrook has the financial resources to provide this funding to the Applicant.

14. Applicant has sufficient managerial, financial, and technical abilities and resources to provide the sewer service in the area sought to be certificate. Applicant will adhere to and abide by all applicable policies, rules, and orders of the Authority in the operation of the proposed sewer utility.

WHEREFORE, Terrabrook Ladd Utilities, LLC prays that the Authority:

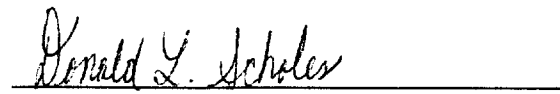
1. Grant its application of a certificate of public convenience and necessity to provide sewer service within the geographic boundaries set forth in this Application; and

2. Approve the rates and charges set forth in the Schedule of Rates and Charges filed with this Application.

This the 15th day of July, 1999.

Respectfully submitted,


CECIL D. BRANSTETTER


DONALD L. SCHOLES
BRANSTETTER, KILGORE, STRANCH & JENNINGS
227 Second Avenue North, 4th Floor
Nashville, Tennessee 37201-1631
(615) 254-8801

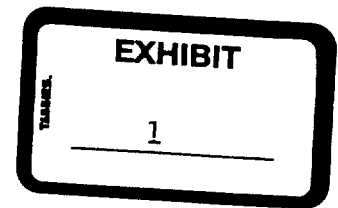
Attorneys for Terrabrook Ladd Utilities, LLC

<p>State of Tennessee</p> <p>Department of State Corporation Section 18th Floor, James E. Peck Building Nashville, TN 37243-0306</p>	<p>3707 08:29</p> <p>APPLICATION FOR CERTIFICATE OF AUTHORITY</p>	<p style="font-size: small;">For Office Use Only</p> <p>RECEIVED FILED SECRETARY OF STATE 99 JUL -6 AM 9:46</p>
<p>APPLICATION FOR CERTIFICATE OF AUTHORITY FOR: Terrabrook Ladd Utilities, LLC</p>		
<p>To the Secretary of State of the State of Tennessee:</p> <p>Pursuant to the provisions of § 48A-45-301 of the Tennessee Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:</p>		
<p>1. The name of the Limited Liability Company is: <u>Terrabrook Ladd Utilities, LLC.</u></p>		
<p>If different, the name under which the certificate of authority is to be obtained is:</p>		
<p><i>NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of § 48A-7-101 of the Tennessee Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to § 48A-7-101(TD).</i></p>		
<p>2. The state or country under whose law it is formed is: <u>Delaware</u></p>		
<p>3. The date of its organization is: <u>July 1, 1999</u> (must be month, day and year)</p>		
<p>4. The complete street address (including zip code) of its principal office is:</p> <p>3030 LBJ Freeway, Suite 1500, LB-6 Dallas, Texas 75234</p> <p>Street City/State Zip Code</p>		
<p>5. The complete street address (including the county and the zip code) of its registered office in Tennessee:</p> <p>c/o CT CORPORATION SYSTEM, 530 Gay Street, Knoxville, Tennessee, Knox 37902</p> <p>Street City/State County Zip Code</p>		
<p>The name of its registered agent at that office is: <u>CT CORPORATION SYSTEM</u></p>		
<p>6. Please insert the number of members at the date of filing: <u>One (1)</u></p>		
<p><i>NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of the Limited Liability Company records in the state or country under whose law it is organized. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.</i></p>		
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 40%;"> <p>July 1, 1999</p> <hr/> <p>Signature Date</p> <p>Scott H. Raskin, Secretary</p> <hr/> <p>Signer's Capacity</p> </div> <div style="width: 50%; text-align: center;"> <p>TERRABROOK LADD UTILITIES, LLC.</p> <hr/> <p>Name of Limited Liability Company</p> <p><i>[Signature]</i></p> <hr/> <p>Signature</p> <p><u>SCOTT H. RASKIN</u></p> <hr/> <p>Name (typed or printed)</p> </div> </div>		

Secretary of State**Corporations Section**

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 07/06/99
REQUEST NUMBER: 3707-0529
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 07/06/99 0946
EFFECTIVE DATE/TIME: 07/06/99 0946
CONTROL NUMBER: 0373508



TO:
TSIO
PO BOX 120598

NASHVILLE, TN 37212

RE:
TERRABROOK LADD UTILITIES, L.L.C.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY
CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED
ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF
STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE
LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN
ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE
WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED
LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING
ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO
MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY
COMPANY TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE
REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
LIMITED LIABILITY COMPANY

ON DATE: 07/06/99

FROM:
TSIO (BOX 120598)
P. O. BOX 120598

NASHVILLE, TN 37212-0000

RECEIVED: ^{FERS} \$300.00 \$0.00
TOTAL PAYMENT RECEIVED: \$300.00

RECEIPT NUMBER: 00002517571
ACCOUNT NUMBER: 00000499



SS-4458

Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

State of Delaware

Office of the Secretary of State

RECEIVED
SECRETARY OF STATE

99 JUL -6 AM 9:46

RILEY DARNELL
SECRETARY OF STATE

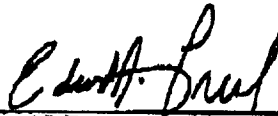
I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY "TERRABROOK LADD UTILITIES, L.L.C."
IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN
GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF
THIS OFFICE SHOW, AS OF THE SECOND DAY OF JULY, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE
NOT BEEN ASSESSED TO DATE.



3064942 8300

991272334


Edward J. Freel, Secretary of State

AUTHENTICATION:

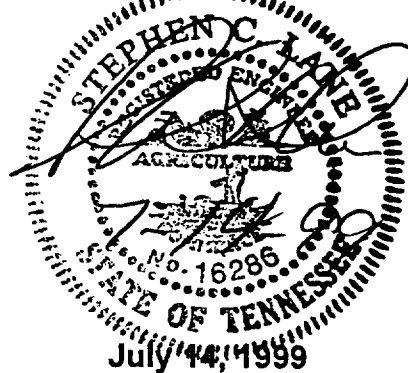
DATE:

9845640

07-02-99

**ENGINEERING REPORT
WASTEWATER TREATMENT
AND
DISPOSAL SYSTEM**

LADD PROPERTY



**Smith Seckman Reid, Inc.
3319 West End Avenue
Suite 700
Nashville, TN 37203**

ENGINEERING REPORT

WASTEWATER TREATMENT AND DISPOSAL SYSTEM LADD PROPERTY

I. PURPOSE

The purpose of this engineering report is to present a solution for wastewater treatment and disposal need for a proposed development in Williamson County, Tennessee. The report will develop preliminary volumes of wastewater expected to be generated from the proposed development and discuss some of the options available for the treatment and disposal of this wastewater. The report will also present a cost estimate for the proposed wastewater treatment and disposal system. Preliminary projections of operation and maintenance cost will be presented. A financial analysis for funding the construction of the wastewater treatment systems and the other costs will be developed.

II. PROPERTY DESCRIPTION

The property being evaluated and proposed for development is located in southern Williamson County. The property is approximately 630 acres in size. The location of the property is shown on Attachment A.

The specific property in question is located approximately 2,000 feet north of the I-65 and Goose Creek bypass interchange. The property is approximately 2,000 feet east of I-65. The property is bounded on the north by the Harpeth River and on the south by Long Lane.

The property along the northern boundary is at an elevation of between 630 to 640 feet above mean sea level. The property relief increases to the south to a maximum elevation of approximately 820 feet mean sea level. The property has three blue line streams included within its boundary, which all discharge into the Harpeth River. The northwest corner of the property is located at approximately river mile 93.7 on the Harpeth River.

The property is located within the water service area of the Milcrofton Utility District. Public sewer service is currently not provided in the area.

A portion of the property along the northern boundary line, is located within the 100-year flood plain of the Harpeth River. The 100-year flood plain elevation in the area is reported to be approximately elevation 658 \pm .

III. POTENTIAL DEVELOPMENT/SEWERAGE FLOWS

The subject property is approximately 630 acres in size. The proposed development is expected to have approximately 1500 lots although this amount may be more or less depending upon the final approval of the development by the Williamson County Planning Commission.

The table below presents the projected sewerage flow for the subject property:

PROJECTED SEWERAGE FLOW

<i>LOTS</i>	<i>POPULATION</i>	<i>AVERAGE FLOW (GPD)</i>	<i>PEAK FLOW (GPD)</i>
1500	5250	525,600	1,708,200

IV. WASTEWATER TREATMENT AND DISPOSAL

As previously stated, public sewer service is currently not available in the vicinity of the subject property. Consequently, various alternatives have been evaluated for providing sanitary sewer service, treatment and disposal for this property. Some of the alternatives that have been reviewed and evaluated for this particular property include the following:

1. Subsurface disposal utilizing septic tanks for individual lots.
2. Connection to public sewer system.
3. Conventional (mechanical) sewage treatment plant with direct discharge to receiving stream.
4. Conventional (mechanical) sewage treatment plant with zero discharge.
5. Recirculating sand filter with STEP system.

The alternative which appears to be best for providing a sewer system for this property is a conventional sewage treatment plant with a zero discharge disposal option. This alternative is presented in more detail below.

Recommended Solution

The projected sewage flows from the development are between 290 and 365 GPM average flow. The projected flows are of a volume that make a conventional sewage treatment plant a viable option. The state of Tennessee, Division of Water Pollution Control, recognize sewage volumes in this amount can effectively be treated with a conventional mechanical sewage treatment plant.

A solution for providing sewer service for this development would include the construction of a conventional sewage treatment plant with a capacity of approximately 525,600 GPD. A treatment plant of this size can be operated efficiently and effectively and the cost of a treatment plant of this size usually will benefit from economies of scale when building a plant with this capacity. A conventional wastewater treatment plant in this size would cost approximately \$1.5 million.

The sewer system would utilize a conventional sewage treatment plant and a gravity sewer collection system serving each of the lots. Sewage pumping stations will be constructed, if required, to convey the wastewater to a central location for treatment. The collected wastewater would be treated at the wastewater treatment plant.

Recent discussions with representatives of the Tennessee Department of Environment and Conservation revealed that a direct discharge of treated effluent into the Harpeth River, in the vicinity of this property, would not be permitted. The Harpeth River has been placed on the State's 303 D list, which indicates that the Harpeth River currently is not meeting its intended use as established under the Tennessee Water Quality criteria. Consequently, the State of Tennessee is not allowing new discharges from any new sewage treatment plants in any stretch of the Harpeth River that is currently not fully supporting the intended use for these waters as described under State law. Therefore, another option has been developed for the disposal of the treated wastewater.

Discussions with representatives from the Tennessee Department of Environment and Conservation indicated a willingness to approve an area wide treatment facility that would utilize a zero discharge approach for disposal of the treated effluent. The zero discharge alternative would involve the application of the treated effluent onto acceptable land areas where the wastewater could be properly land applied for ultimate disposal.

In order for the zero discharge alternative to be developed, adequate suitable soils would have to exist in the vicinity of the subject property for the disposal of the treated effluent. A cursory review of the soils map indicates that the northern third of the property consists of the Lindsides-Armour-Huntington soil association. The southern two-thirds or balance of the property appear to be of the Stiversville-Culleoka-Inman soil association. These soil types range from unacceptable for spray irrigation to acceptable soils for spray irrigation disposal.

For preliminary planning, it is anticipated that between 50 and 80 acres of land with acceptable soils will be required for the disposal of the projected effluent sewerage flows from this development. The actual land area required will be a function of the various variables and parameters used in designing land disposal systems.

The estimated costs for the installation of a spray irrigation disposal system for the capacity of the treatment plant is \$1,000,000. An allowance of \$500,000 has been established for the purchase of the land for the land disposal site.

V. FINANCIAL ANALYSIS

The estimated cost for the wastewater treatment plant and disposal system is \$3,000,000, including the land cost allowance.

This plant will have a capacity of 525,600 GPD and could serve up to 1,500 lots or approximately 5,250 people.

It is anticipated that the initial capital cost for the wastewater treatment plant and the spray irrigation disposal system will be funded by an assessment on each lot in the proposed development. Also, the projected deficit in the annual operation and maintenance cost during the build-out of the development is also proposed to be funded in the assessment cost. A projection or proforma of the assessment charge collection and O & M cost and collection are shown on Tables 1 and 2. This proforma is based on a seven-year built out of the total project. The projected O & M cost includes the cost associated with the wastewater treatment plant, disposal site and the sewer collection system. The projected O & M costs shown on Table 2 show a deficit during the first five years of the build-out.

An assessment or connection fee of \$3,200 per lot is proposed for the wastewater treatment plant and the disposal system. This assessment would generate \$4,800,000 in fees, assuming full development of 1,500 lots. The assessment cost or connection fee could be adjusted, based on the actual cost of the treatment system and the number of lots included in the final development.

Connection fees charged by other sewer providers in the Middle Tennessee area range from \$1,500 to \$4,000 per lot. The preliminary assessment amount of \$3,200 per lot is reasonable when compared to other sewer providers in the area.

Costs for the construction and other infrastructure facilities and other public utilities are not included in this proposed assessment fee.

In addition to the initial construction cost, an evaluation of the anticipated operation and maintenance costs for wastewater treatment plant and disposal system should be evaluated. The funding for adequate operation, maintenance and replacement of the treatment facility must occur through the rates charged for sewer service to its customers. The rates charged must be adequate to cover all the operation, maintenance and replacement costs and provide some reserve funds for unexpected costs associated with the facilities.

The anticipated operation, maintenance and replacement costs (O, M & R) have been developed for the proposed wastewater treatment plant disposal system and sewer collection system. Operation, maintenance and replacement costs for other infrastructure and utilities have not been included in this evaluation.

The estimated O, M & R costs for a 526,600 GPD wastewater treatment plant, utilizing spray irrigation for the disposal of the treated effluent and the sewer collection is shown below. These projections are based on the future costs at full build-out of the proposed development.

**ESTIMATED ANNUAL OPERATION, MAINTENANCE AND
REPLACEMENT COSTS**

Labor	\$122,500
Power	112,000
Chemicals	3,000
Repairs/Supplies	60,000
Replacement/Depreciation	213,750
Administrative	<u>138,000</u>
	\$649,250

The annual cost per lot would be approximately \$460 per year. The average monthly sewer service charge for the operation, maintenance and replacement of the wastewater treatment plant and disposal system would be approximately \$38.00 per month. The actual charge per individual lot may vary based on the actual water consumption used by the individual lots. Assuming consumption of 10,000 gallons per month per lot, the sewer service cost would be approximately \$40.40 per month.

A copy of the projected monthly sewer service charges are shown on Table 3.

A comparison of sewer service charges for several surrounding sewer suppliers are presented below. This comparison is based on an average customer utilizing 10,000 gallons of water per month.

Harpeth Valley Utility District	\$ 36.50/per mo.
Franklin	\$ 35.75/per mo.
Brentwood	\$ 33.13/per mo.
Nashville	\$ 48.80/per mo.
Lynnwood Utility Company	\$ 45.00/per mo. (proposed)
Cartwright Creek Utility Company	\$ 34.82/per mo.

The proposed assessment charge of \$3,200 per lot is within the ranges currently charged by other public sewer providers in the area. The monthly sewer service charge anticipated for this development is comparable to monthly sewer charges for the surrounding sewer providers. Therefore, the financial viability of the proposed wastewater treatment system appears to be justified when compared to other utilities providing sewer service in the area.

TABLE 1

ASSESSMENT COST PER UNIT = \$3,200										INTEREST RATE FOR PRESENT WORTH CALCULATION = 9.0%									
YEAR		NEW CUSTOMERS GROWTH RATE (UNITS/YR)		COLLECTION DATA		CONSTRUCTION COST AND O&M COST DEFICIT				SURPLUS / DEFICIT DATA				SURPLUS / DEFICIT		SURPLUS / DEFICIT			
						CONSTRUCTION COST AND O&M COST DEFICIT				SURPLUS / DEFICIT DATA									
						WASTEWATER		O&M COST		DEFICIT		SURPLUS							
				PLANT AND DISPOSAL SYSTEM COST		O&M COST		TOTAL		DEFICIT FOR YEAR		PRESENT WORTH		SURPLUS FOR YEAR		PRESENT WORTH			
1	200	200	\$640,000	\$640,000	\$596,072	\$162,850	\$758,922	\$0	\$109,103	\$118,922	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
2	200	400	640,000	1,280,000	596,072	101,000	697,072	57,072	48,036	57,072	0	0	0	0	0	0	0		
3	200	600	640,000	1,920,000	596,072	139,000	735,072	95,072	73,413	95,072	0	0	0	0	0	0	0		
4	200	800	640,000	2,560,000	596,072	23,250	619,322	0	0	0	20,678	14,649	0	0	0	0	0		
5	200	1,000	640,000	3,200,000	596,072	58,800	654,872	14,872	9,666	14,872	0	0	0	0	0	0	0		
6	250	1,250	800,000	4,000,000	596,072	-	-	0	0	0	203,928	121,596	0	0	0	0	0		
7	1,500	1,500	800,000	4,800,000	596,072	-	-	0	0	0	203,928	111,556	0	0	0	0	0		
TOTALS		1,500				\$4,172,504		-		596,072		-		\$4,657,404		-			
												\$240,218				\$247,800			
														13,860		1,247			
																142,596			

TABLE 2
OPERATING AND MAINTENANCE COST PROJECTIONS
AND
SEWER REVENUE PROJECTIONS

Year	1	2	3	4	5	6	7
Labor	\$ 30,000.00	\$ 35,000.00	\$ 60,000.00	\$ 68,000.00	\$ 84,000.00	\$ 92,000.00	\$ 122,500.00
Power	\$ 47,800.00	\$ 47,800.00	\$ 95,650.00	\$ 95,650.00	\$ 95,650.00	\$ 105,400.00	\$ 112,000.00
Chemicals	\$ 800.00	\$ 1,200.00	\$ 1,600.00	\$ 1,600.00	\$ 2,400.00	\$ 2,400.00	\$ 3,000.00
Repairs/Supplies	\$ 12,000.00	\$ 12,000.00	\$ 24,000.00	\$ 24,000.00	\$ 48,000.00	\$ 48,000.00	\$ 60,000.00
Depreciation	\$ 131,250.00	\$ 150,000.00	\$ 168,750.00	\$ 195,000.00	\$ 213,750.00	\$ 213,750.00	\$ 213,750.00
Administrative	\$ 33,000.00	\$ 39,000.00	\$ 65,000.00	\$ 7,000.00	\$ 75,000.00	\$ 99,500.00	\$ 138,000.00
Total O & M Cost	\$ 254,850.00	\$ 285,000.00	\$ 415,000.00	\$ 391,250.00	\$ 518,800.00	\$ 561,050.00	\$ 649,250.00
Projected Annual Sewer Revenue							
Number of Customers	200	400	600	800	1000	1250	1500
Average Annual Sewer Charge per Customer	\$ 460.00	\$ 460.00	\$ 460.00	\$ 460.00	\$ 460.00	\$ 460.00	\$ 460.00
Total Sewer Revenue	\$ 92,000.00	\$ 184,000.00	\$ 276,000.00	\$ 368,000.00	\$ 460,000.00	\$ 575,000.00	\$ 690,000.00
Surplus/Deficit	\$(162,850.00)	\$(101,000.00)	\$(139,000.00)	\$ (23,250.00)	\$ (58,800.00)	\$ 13,950.00	\$ 40,750.00

TABLE 3

TERRABROOK LADD UTILITIES, LLC

MONTHLY SEWER SERVICE BILLING

Residential, Condominium, House or Apartment:

Minimum Monthly Charge (first 2,000 gallons)	\$ 18.00
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Charge per 1,000 gallons (actual or assumed flow)	2.80
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Non-Residential:

Minimum Monthly Charge (first 2,000 gallons)	\$ 22.00
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Charge per 1,000 gallons (actual or assumed flow)	4.35
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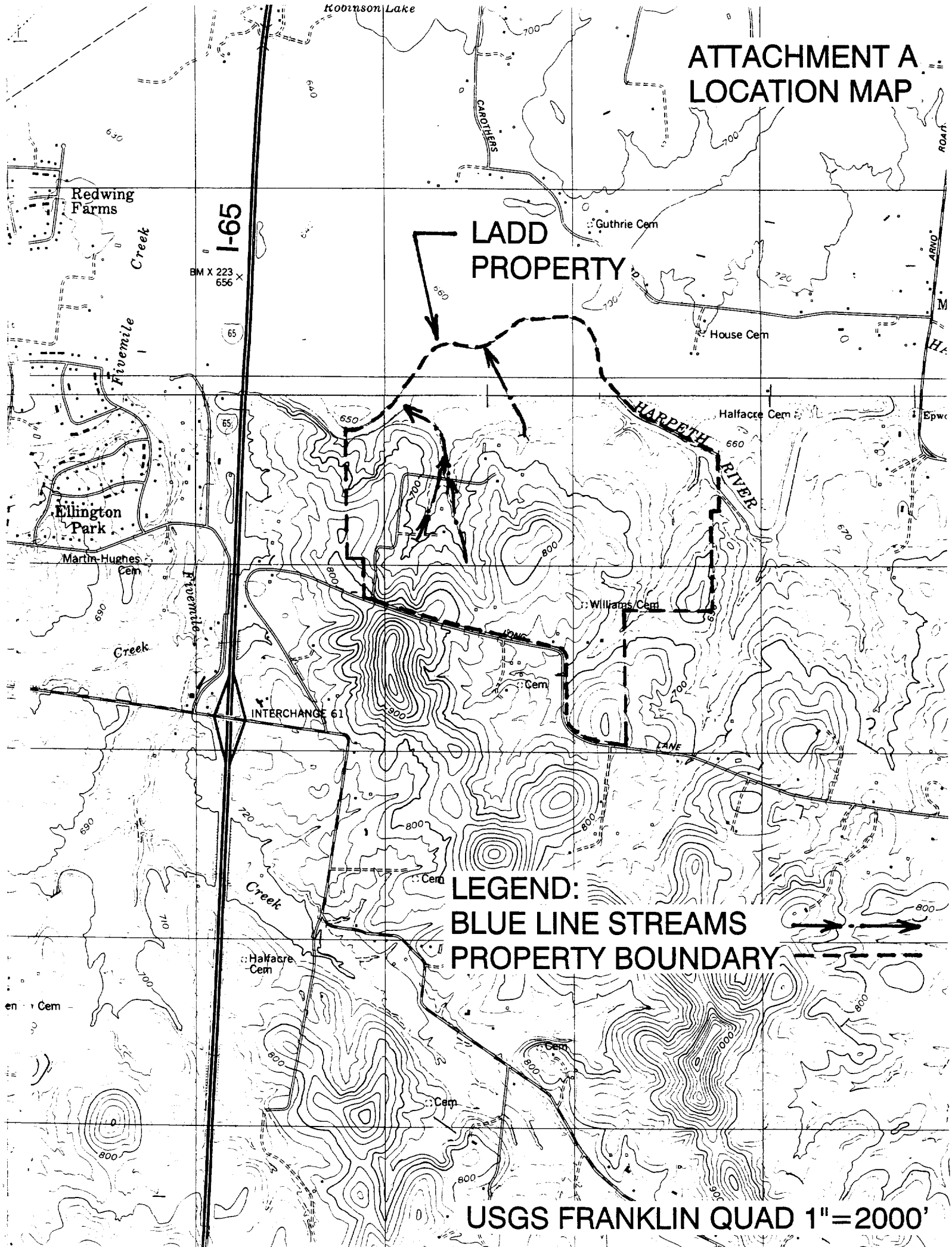
TAP FEES

<u>Residential:</u>	\$ 3,200.00
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Non-Residential:

Charge per gallon per day (Computed by multiplying the peak monthly usage during the first year by 12 divided by 365 days)	\$ 10.64
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ATTACHMENT A LOCATION MAP



**LADD
PROPERTY**

**LEGEND:
BLUE LINE STREAMS
PROPERTY BOUNDARY**

USGS FRANKLIN QUAD 1"=2000'